



4004

ANNUAL REPORT

OF

Name: SCANDINAVIA TELEPHONE COMPANY

Principal Office: 301 S WESTFIELD RD
P.O. BOX 5901
MADISON, WI 53705-0901

For the Year Ended: DECEMBER 31, 1997

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
 CO	.....	Central Office
 Depr	.....	Depreciation
 Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
 FOY	.....	First of Year
 Info	.....	Information
ITC	.....	Investment Tax Credit
 Misc	.....	Miscellaneous
 Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
 Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
 Prop	.....	Property
 Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
 Svcs	.....	Services
 Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
 Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: SCANDINAVIA TELEPHONE COMPANY
Utility Location: 301 S WESTFIELD RD
P.O. BOX 5901
MADISON, WI 53705-0901

Utility Web Site Address:

When was utility organized?: 07/31/1903

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR GERALD A. RINGLUND
Title: ASSISTANT TREASURER

Office Address: 301 S. WESTFIELD RO
P.O. BOX 5158
MADISON, WI 53705-0158

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Individual or firm, if other than utility employee, preparing this report

Name: MS KAREN S. KOSMO
Title: GENERAL ACCOUNTANT
Firm: TDS TELECOM
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Person responsible for financial information contained in report

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Title: ASSISTANT TREASURER

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MADISON, WI 53705-0158

Fax Number: (608) 664 - 4519
Telephone Number: (608) 664 - 4554
Email Address: gerald.ringlund@tdstelecom.com

Person responsible for statistical information contained in report

Name: VARIOUS CONTACTS X
Title: X

m

Office Address: 301 S. WESTFIELD ROAD
P.O. BOX 5158
MADISON, WI 53705-0158

Fax Number: (608) 999 - 9999
Telephone Number: (608) 999 - 9999
Email Address:

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: TDS TELECOMMUNICATIONS CORPORATION
Address: 301 S. WESTFIELD ROAD
MADISON, WI 53717-1707

Number of Shares Held: 9,550
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: NONE
Form of Interest: NOT APPLICABLE
Extent Of Interest: NOT APPLICABLE

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,806,077	1,738,530	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	152,238	133,055	2
Plant Nonspecific Operations Expense	543,237	479,739	3
Customer Operations Expense (6610-6620)	365,887	330,294	4
Corporate Operations Expense (6710-6790)	294,845	255,897	5
Other Operating Income and Expense (7100)	27	24	6
Operating Taxes (7200)	207,165	244,517	7
Total Operating Expenses	1,563,345	1,443,478	8
Net Operating Income	242,732	295,052	9
Other Income			
Nonoperating Income and Expense (7300)	2,216	10,828	10
Nonoperating Taxes (7400)	1,572	5,126	11
Interest and Related Items (7500)	92,566	76,873	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	16,217	26,876	14
Total Nonoperating Income	(75,705)	(44,295)	15
Net Income	167,027	250,757	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

TELEPHONE PLANT

Telephone plant is stated as the original cost of construction including capitalized costs such as taxes, pensions, and other fringe benefits, and an allowance for funds used during construction (AFUDC).

DEPRECIATION

The company provides depreciation for financial reporting purposes using the straight-line method. Renewals and betterments of units of property are charged to telephone plant in service. The original cost of depreciable property retired, together with removal cost less any salvage realized, is charged to accumulated depreciation. Repairs and renewals of minor items of property are charged to maintenance expense. No gain or loss is recognized in connection with ordinary retirements of depreciable property.

REVENUES

Operating and nonoperating revenues are recognized when earned regardless of the period in which they are billed.

Compensation for all intrastate service is received through tariffed access charges billed to the long distance carrier and retained by the company.

Compensation for interstate access services is received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the company to the interstate long distance carrier, and pooled with like revenues from all NECA member companies.

PENSION

The company is a member of the Telephone and Data Systems, Inc. Employees' Pension Trust I. This qualified, noncontributory defined contribution pension plan covers substantially all company employees. Under this plan, pension benefits and costs are funded currently.

INCOME TAXES

The company is included in the TDS consolidated federal income tax return. For financial reporting purposes, the company computes its federal income tax by applying the statutory rate to all its taxable income.

The company uses the full-normalization method for all timing differences with the resulting book-tax differences being provisioned through the deferred tax accounts. Deferred income taxes resulting from accelerated depreciation used for income tax purposes had previously been provided through the depreciation accounts. Such deferred taxes are credited to income as the related timing differences reverse. Investment tax credits

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

Income as the related timing differences reverse. Investment tax credits resulting from investments in qualifying telephone plant and equipment have been deferred and are being amortized to income over the service lives of the related property.

2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None.

3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

The company is restricted from transferring funds to the parent or other affiliates in the form of cash dividends until certain financial requirements of its mortgage indentures have been met. At December 31, 1997, the company has invested \$0 with Telecommunications Technologies Fund, Inc., and could distribute up to \$924,446 to the parent or other affiliates in the form of cash dividends.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*			1
Cash (1130)	164,683	182,382	2
Special Cash Deposits (1140)	0		3
Working Cash Advances (1150)	350	350	4
Temporary Investments (1160)	0		5
TOTAL CASH AND EQUIVALENTS	165,033	182,732	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	102,333	86,216	6
Accounts Receivable Allowance-Telecom (1181)*	0		7
Net: Telecommunications Accounts Receivable	102,333	86,216	
Other Accounts Receivable (1190)*	248,696	235,941	8
Accounts Receivable Allowance--Other (1191)*	0		9
Net: Other Accounts Receivable	248,696	235,941	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	758	602	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	351,787	322,759	
SUPPLIES			
Inventories (1220)*	31,516	32,388	13
TOTAL SUPPLIES	31,516	32,388	
PREPAYMENTS			
Total Prepayments (1280)*			14
Prepaid Rents (1290)	0		15
Prepaid Taxes (1300)	0		16
Prepaid Insurance (1310)	0		17
Prepaid Directory Expenses (1320)	378		18
Other Prepayments (1330)	6,942	4,819	19
TOTAL PREPAYMENTS	7,320	4,819	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	115	200	20
TOTAL OTHER CURRENT ASSETS	115	200	
TOTAL CURRENT ASSETS	555,771	542,898	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	0	0	21
Investments in Nonaffiliated Companies (1402)*	58,829	58,829	22
Nonregulated Investments (1406)*	12,551	11,248	23
Unamortized Debt Issuance Expense (1407)*	0	593	24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	0		26
TOTAL INVESTMENTS	71,380	70,670	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	399	450	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	2,500		29
TOTAL DEFERRED CHARGES	2,899	450	
TOTAL NONCURRENT ASSETS	74,279	71,120	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	6,449,073	6,102,946	30
Less: Accumulated Depreciation (3100)*	3,623,559	3,207,769	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0		32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0		33
Less: Accumulated Amortization--Intangible (3500)*	0		34
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,825,514	2,895,177	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0		35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0		36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0		37
Less: Accumulated Depreciation--Nonoperating (3300)*	0		38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	24,618	48,133	39
TOTAL TPUC	24,618	48,133	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0		40
Less: Accumulated Amortization--Other (3600)*	0		41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	2,850,132	2,943,310	
TOTAL ASSETS AND OTHER DEBITS*	3,480,182	3,557,328	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	153,956	163,216	1
Notes Payable (4020)*	523,000	723,000	2
Advance Billing and Payments (4030)*	13,158	12,668	3
Customer Deposits (4040)*	550	975	4
Current Maturities--Long-Term Debt (4050)*	39,700	40,800	5
Current Maturities--Capital Leases (4060)*	0		6
Income Taxes--Accrued (4070)*	9,670	19,576	7
Other Taxes--Accrued (4080)*	(10,672)	6,825	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0		10
Other Accrued Liabilities (4120)*	17,071	10,330	11
Other Current Liabilities (4130)*	8,233	2,400	12
TOTAL CURRENT LIABILITIES*	754,666	979,790	
LONG-TERM DEBT			
Funded Debt (4210)*	690,983	480,441	13
Premium on Long-Term Debt (4220)*	0		14
Discount on Long-Term Debt (4230)*	0		15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0		17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	690,983	480,441	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	(799)	(2,604)	20
Unamortized Operating ITC--Net (4320)*	17,309	24,908	21
Unamortized Nonoperating ITC--Net (4330)*	0		22
Net Noncurrent Deferred Operating Income Taxes (4340)*	70,531	94,278	23
Net Deferred Tax Liability Adjustments (4341)*	(19,102)	(24,431)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0		25
Other Deferred Credits (4360)*	0		26
Deferred Tax Regulatory Liability (4361)*	19,503	24,883	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	87,442	117,034	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	238,750	238,750	28
Additional Paid-in Capital (4520)*	42,885	42,885	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0		31
Retained Earnings (4550)*	1,665,456	1,698,433	32
TOTAL STOCKHOLDERS' EQUITY*	1,947,091	1,980,068	
TOTAL LIABILITIES AND OTHER CREDITS*	3,480,182	3,557,333	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	167,027	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	437,681	2
Interest during construction	(1,470)	3
Changes in assets and liabilities:		
Current assets (net)	(30,572)	4
Other noncurrent assets	(3,042)	5
Other current liabilities	(24,024)	6
Other liabilities and deferred credits	(29,592)	7
Other (specify):		
TOTAL ADJUSTMENTS	348,981	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	516,008	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(343,033)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(1,303)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(344,336)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	210,628	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	(200,000)	14
Dividends paid	(200,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(189,372)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(17,700)	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

-
1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

None

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

None

5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

None

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

None

7. Changes in articles of incorporation or amendments to charter.

None

8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

In 1997 payphones were deregulated. Since that time, depreciation on this investment has been recorded as a nonregulated expense. However, temporarily for internal tracking purposes, the net investment has not been reclassified to non-regulated activities as of 12/31/1997.

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Bonduel Telephone Company	BONDUEL	1
Central Region - Telephone Systems Services Div.	CR-TSSD	2
Other	OTH	3
Riverside Telecom, Inc.	RIVERSIDE	4
Suttle Press	SUTTLE	5
Telephone and Data Systems, Inc.	TDS CORP	6
TDS TELCOM, Inc.	TDS TEL	7
TDS Computing Services, Inc.	TDS/CS	8
Telephone Systems Services Division, Inc. Chicago	TSSD-CHIC	9
Telephone Systems Services Division, Inc. Madison	TSSD-MDN	10
Telecommunications Technologies Fund	TTF	11
Various local telcos	VARIOUS	12

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars (a)	(b)	(c)	(d)	(e)	
Docket	0005-TI-000124	0005-TI-000124	None	0005-TI-000124	
Name of Affiliate	OTH	OTH	SUTTLE	TDS CORP	1
Designate whether billed to or from:	FROM	TO	FROM	FROM	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	M	C	3
Revenues	0	0	0	0	4
Expenses:					
Plant Specific Operations Expense	73	603	0	0	5
Plant Nonspecific Operations Expense	60	493	95	843	6
Customer Operations Expense	0	369	180	0	7
Corporate Operations Expense	0	0	0	43,310	8
Total Operating Expenses	133	1,465	275	44,153	9
Other:					
Plant Accounts	6,189	0	0	0	10
Accumulated Depreciation	0	0	0	0	11
Accumulated Amortization	0	0	0	0	12
Clearing	0	0	0	0	13
All Other	39	139	0	0	14
Total	6,361	1,604	275	44,153	15
Percent of affiliate's business billed to all affiliated regulated utilities			62.00		16
If cost based, rate of return on equity or markup incorporated in billings	0.00			0.00	17
Footnotes				L	

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars	(a)	(b)	(c)	(d)	(e)	
Docket		0005-TI-000124	0005-TI-000124			
Name of Affiliate		TDS/CS	TDS-TEL			1
Designate whether billed to or from:		FROM	FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		C	C			3
Revenues		0	0			4
Expenses:						
Plant Specific Operations Expense		0	2,489			5
Plant Nonspecific Operations Expense		1,328	66,697			6
Customer Operations Expense		80,094	128,941			7
Corporate Operations Expense		18,462	178,717			8
Total Operating Expenses		99,884	376,844	0	0	9
Other:						
Plant Accounts		0	125,413			10
Accumulated Depreciation		0	0			11
Accumulated Amortization		0	0			12
Clearing		0	0			13
All Other		0	3,831			14
Total		99,884	506,088	0	0	15
Percent of affiliate's business billed to all affiliated regulated utilities						16
If cost based, rate of return on equity or markup incorporated in billings		15.00	0.00			17
Footnotes						

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Telephone and Data Systems, Inc.	1190	17,000	1
TDS Computing Services, Inc.	1190	16,972	2
Other	4010	6,730	3
TDS TELCOM, Inc.	4010	9,509	4 j

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off	0	1
Uncollectibles written off during the year	0	2
Net write offs during the year	0	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
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NONE

Total	<u>0</u>	<u>0</u>	1
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	56,829	1
Other:		
RTB Class C Stock	2,000	2
Total Investments in Nonaffiliated Companies	58,829	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
Direct Broadcast Satellite	6,890	1
Leased phones & business systems	5,661	2 i

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)	
None	0	1
Total	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	3,315	0	1
Motor Vehicles	2112	80,356	0	2
Aircraft	2113	0	0	3
Special Purpose Vehicles	2114	0	0	4
Garage Work Equipment	2115	0	0	5
Other Work Equipment	2116	99,804	11,354	6
Buildings	2121	162,712	0	7
Furniture	2122	4,481	0	8
Office Equipment	2123	14,539	2,295	9 a
General Purpose Computers	2124	262,917	144,456	10
TOTAL--GENERAL SUPPORT ASSETS:		628,124	158,105	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0	0	11
Digital Electronic Switching	2212	1,462,212	0	12 a
Electro-Mechanical Switching	2215	0	0	13 a
Operator Systems	2220	0	0	14
Radio Systems	2231	5,899	0	15 a
Circuit Equipment	2232	990,859	64,252	16 a
TOTAL--CENTRAL OFFICE ASSETS:		2,458,970	64,252	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0	0	17
Customer Premises Wiring	2321	0	0	18
Large Private Branch Exchanges	2341	0	0	19
Public Telephone Terminal Equipment	2351	13,589	0	20
Other Terminal Equipment	2362	0	0	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		13,589	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	35,180	0	22
Aerial Cable	2421	168,340	1,576	23 a
Underground Cable	2422	2,937	0	24 a
Buried Cable	2423	2,782,816	151,543	25 a
Submarine Cable	2424	0	0	26 a
Deep Sea Cable	2425	0	0	27
Intrabuilding Network Cable	2426	0	0	28 a
Aerial Wire	2431	12,987	444	29
Conduit Systems	2441	0	0	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		3,002,260	153,563	
AMORTIZABLE ASSETS				
Capital Leases	2681	0	0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111	0		3,315	1
2112	0		80,356	2
2113	0		0	3
2114	0		0	4
2115	0		0	5
2116	0		111,158	6
2121	0		162,712	7
2122	0		4,481	8
2123	512	0	16,322	9 a
2124	4,700		402,673	10
	5,212	0	781,017	
2211	0		0	11
2212	1,011	0	1,461,201	12 a
2215	0	0	0	13 a
2220	0		0	14
2231	0	0	5,899	15 a
2232	0	0	1,055,111	16 a
	1,011	0	2,522,211	
2311	0		0	17
2321	0		0	18
2341	0		0	19
2351	0		13,589	20
2362	0		0	21
	0	0	13,589	
2411	806		34,374	22
2421	9,696	0	160,220	23 a
2422	0	0	2,937	24 a
2423	13,065	0	2,921,294	25 a
2424	0	0	0	26 a
2425	0		0	27
2426	0	0	0	28 a
2431	0		13,431	29
2441	0		0	30
	23,567	0	3,132,256	
2681	0		0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
AMORTIZABLE ASSETS				
Leasehold Improvements	2682	0	0	32
Intangibles	2690	0	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0	
TOTAL TELECOM. PLANT IN SERVICE	2001	6,102,943	375,920	
Less: Allocation to Nonregulated Activity - EOY	2001			34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001			

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682	0		0	32
2690	0		0	33
	0	0	0	
	29,790	0	6,449,073	
2001			0	34
			6,449,073	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	4,619	2,295	1
Company Communications Equipment	2123.2	9,920	0	2
Software	2212.1	84,690	0	3
Digital Switching - Central Office	2212.2	1,177,806	0	4
Digital Switching - Remote	2212.3	199,716	0	5
Step by Step Switching	2215.1	0	0	6
Crossbar Switching	2215.2	0	0	7
Satellite and Earth Station Facilities	2231.1	0	0	8
Other Radio Facilities	2231.2	5,899	0	9
Digital Circuit Equipment	2232.1	768,533	11,607	10
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	222,326	52,645	12
Aerial Cable - Nonmetallic	2421.1	0	0	13
Aerial Cable - Metallic	2421.2	168,340	1,576	14
Underground Cable - Nonmetallic	2422.1	2,937	0	15
Underground Cable - Metallic	2422.2	0	0	16
Buried Cable - Nonmetallic	2423.1	482,701	20,857	17
Buried Cable - Metallic	2423.2	2,300,115	130,686	18
Submarine Cable - Nonmetallic	2424.1	0	0	19
Submarine Cable - Metallic	2424.2	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	0	22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1	512	0	6,402	1
2123.2	0	0	9,920	2
2212.1	0	0	84,690	3
2212.2	1,011	0	1,176,795	4
2212.3	0	0	199,716	5
2215.1	0	0	0	6
2215.2	0	0	0	7
2231.1	0	0	0	8
2231.2	0	0	5,899	9
2232.1	0	0	780,140	10
2232.2	0	0	0	11
2232.3	0	0	274,971	12
2421.1	0	0	0	13
2421.2	9,696	0	160,220	14
2422.1	0	0	2,937	15
2422.2	0	0	0	16
2423.1	0	0	503,558	17
2423.2	13,065	0	2,417,736	18
2424.1	0	0	0	19
2424.2	0	0	0	20
2426.1	0	0	0	21
2426.2	0	0	0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	45,052	15.0	0	12,048	1
Aircraft	2113	0	.0	0	0	2
Special Purpose Vehicles	2114	0	.0	0	0	3
Garage Work Equipment	2115	0	.0	0	0	4
Other Work Equipment	2116	76,590	10.0	9,984	0	5
Buildings	2121	101,074	3.4	5,532	0	6
Furniture	2122	3,386	10.0	444	0	7
Office Equipment	2123	10,635	19.67	2,939	0	8a
General Purpose Computers	2124	206,861	20.0	53,727	0	9
Total-- GENERAL SUPPORT ASSETS		443,598		72,626	12,048	
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211	0	.0	0	0	10
Digital Electronic Switching	2212	1,188,384	9.55	109,008	0	11a
Electro-Mechanical Switching	2215	0	.0	0	0	12a
Operator Systems	2220	0	.0	0	0	13
Radio Systems	2231	4,361	9.5	564	0	14a
Circuit Equipment	2232	429,685	9.8599	94,869	0	15a
Total-- CENTRAL OFFICE ASSETS		1,622,430		204,441	0	
INFORMATION ORIG/TERM ASSETS						
Station Apparatus	2311	0	.0	0	0	16
Customer Premises Wiring	2321	0	.0	0	0	17
Large Private Branch Exchanges	2341	0	.0	0	0	18
Public Telephone Terminal Equipment	2351	14,130	13.6	(1,220)	0	19
Other Terminal Equipment	2362	0	.0	0	0	20
Total-- INFORMATION ORIG/TERM ASSETS		14,130		(1,220)	0	
CABLE WIRE FACILITIES ASSETS						
Poles	2411	52,476	10.0	(141)	0	21k
Aerial Cable	2421	153,109	6.0	9,868	0	22a
Underground Cable	2422	31	4.1	125	0	23a
Buried Cable	2423	905,105	4.99	139,127	0	24a
Submarine Cable	2424	0	.0	0	0	25a
Deep Sea Cable	2425	0	.0	0	0	26
Intrabuilding Network Cable	2426	0	.0	0	0	27a
Aerial Wire	2431	16,884	19.0	1,863	0	28k

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0	3.03	0	0 29
Total-- CABLE WIRE FACILITIES ASSETS		1,127,605		150,842	0
Total Accumulated Depreciation	3100	3,207,763		426,689	12,048
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	0	0	0		57,100	1
2113	0	0	0		0	2
2114	0	0	0		0	3
2115	0	0	0		0	4
2116	0	0	0		86,574	5
2121	0	0	0		106,606	6
2122	0	0	0		3,830	7
2123	512	0	0	0	13,062	8 a
2124	4,700	0	0		255,888	9
	5,212	0	0	0	523,060	
2211	0	0	0		0	10
2212	1,011	0	8,000	0	1,304,381	11 a
2215	0	0	0	0	0	12 a
2220	0	0	0		0	13
2231	0	0	0	0	4,925	14 a
2232	0	0	0	0	524,554	15 a
	1,011	0	8,000	0	1,833,860	
2311	0	0	0		0	16
2321	0	0	0		0	17
2341	0	0	0		0	18
2351	0	0	0		12,910	19
2362	0	0	0		0	20
	0	0	0	0	12,910	
2411	806	0	32		51,561	21 k
2421	9,696	93	0	0	153,188	22 a
2422	0	0	0	0	156	23 a
2423	13,065	607	0	0	1,030,560	24 a
2424	0	0	0	0	0	25 a
2425	0	0	0		0	26
2426	0	0	0	0	0	27 a
2431	0	483	0		18,264	28 k

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441	0				0	29
	23,567	1,183	32	0	1,253,729	
3100	29,790	1,183	8,032	0	3,623,559	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	3,641	19.0	959	0	1
Company Communications Equipment	2123.2	6,994	20.0	1,980	0	2
Software	2212.1	83,639	33.33	1,051	0	3
Digital Switching - Central Office	2212.2	944,483	7.83	92,285	0	4
Digital Switching - Remote	2212.3	160,262	7.85	15,672	0	5
Step by Step Switching	2215.1	0	.0	0	0	6
Crossbar Switching	2215.2	0	.0	0	0	7
Satellite and Earth Station Facilities	2231.1	0	.0	0	0	8
Other Radio Facilities	2231.2	4,361	9.5	564	0	9
Digital Circuit Equipment	2232.1	380,048	9.92	73,246	0	10
Analog Circuit Equipment	2232.2	0	.0	0	0	11
Light Wave Circuit Equipment	2232.3	49,637	9.5	21,623	0	12
Aerial Cable - Nonmetallic	2421.1	0	4.8	0	0	13
Aerial Cable - Metallic	2421.2	153,109	6.0	9,868	0	14
Underground Cable - Nonmetallic	2422.1	31	4.1	125	0	15
Underground Cable - Metallic	2422.2	0	4.4	0	0	16
Buried Cable - Nonmetallic	2423.1	41,765	4.8	23,265	0	17
Buried Cable - Metallic	2423.2	863,340	5.0	115,862	0	18
Submarine Cable - Nonmetallic	2424.1	0	.0	0	0	19
Submarine Cable - Metallic	2424.2	0	.0	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	.0	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	.0	0	0	22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1	512	0	0	0	4,088	1
2123.2	0	0	0	0	8,974	2
2212.1	0	0	0	0	84,690	3
2212.2	1,011	0	8,000	0	1,043,757	4
2212.3	0	0	0	0	175,934	5
2215.1	0	0	0	0	0	6
2215.2	0	0	0	0	0	7
2231.1	0	0	0	0	0	8
2231.2	0	0	0	0	4,925	9
2232.1	0	0	0	0	453,294	10
2232.2	0	0	0	0	0	11
2232.3	0	0	0	0	71,260	12
2421.1	0	0	0	0	0	13
2421.2	9,696	93	0	0	153,188	14
2422.1	0	0	0	0	156	15
2422.2	0	0	0	0	0	16
2423.1	0	0	0	0	65,030	17
2423.2	13,065	607	0	0	965,530	18
2424.1	0	0	0	0	0	19
2424.2	0	0	0	0	0	20
2426.1	0	0	0	0	0	21
2426.2	0	0	0	0	0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	450	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(94,584)	5
Net Deferred Tax Liability Adjustments (4341)	24,431	6
Deferred Tax Regulatory Liability (4361)	(24,883)	7
Net Property Related Deferred Operating Income Taxes	(94,586)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(94,586)	
NONPROPERTY RELATED		
Other Current Assets (1350)	200	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	306	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	506	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250				0	2
	(51)			399	3
7250	0			0	4
7250	23,781		1	(70,802)	5
	(5,329)			19,102	6
	5,380			(19,503)	7
	23,781	0	1	(70,804)	
				0	8
	23,781	0	1	(70,804)	
7250			(85)	115	9
7250				0	10
				0	11
7250				0	12
7250	(34)		(1)	271	13
				0	14
				0	15
	(34)	0	(86)	386	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)	
Affiliated:					
Telecommunications Technologies Fund	07/01/1997	07/01/1998	9.0000	523,000	1
Total Affiliated				<u>523,000</u>	
Total Notes Payable				<u><u>523,000</u></u>	

LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
REA/RTB	12/16/1966-08/02/1977	12/16/1998-08/02/2009	2.0000	1
REA/RTB	05/06/1974-11/10/1997	05/06/2007-04/01/2031	4.0000-6.5000	2
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
2.0000	0	0	4,018	3,300	7,318	1
5.4752	0	0	686,965	36,400	723,365	2
	0	0	690,983	39,700	730,683	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
Common Stock	10,000	25.00	1
TOTAL COMMON STOCK	10,000		
TOTAL	<u>10,000</u>		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares	Amount	Shares	Amount	
	(e)	(f)	(g)	(h)	
COMMON STOCK:					
Common Stock	9,550	238,750	0	0	1
	9,550	238,750	0	0	
TOTAL	9,550	238,750	0	0	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,698,429	1,617,570	1
Changes:			
Balance Transferred from Income	167,027	250,758	2
Dividends Declared:			
Common	200,000	169,895	3
Preferred	0		4
Total Dividends Declared	200,000	169,895	
Miscellaneous Debits to Retained Earnings	0		5
Miscellaneous Credits to Retained Earnings	0		6
Balance--End of Year	<u>1,665,456</u>	<u>1,698,433</u>	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	108,721	21,772	73,867	1
Nonoperating Taxes (Accts. 7410 - 7450)		233	1,339	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		889	3,202	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
TOTAL	<u>108,721</u>	<u>22,894</u>	<u>78,408</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
2,805	0		0		207,165	1
					1,572	2
					0	3
					4,091	4
					0	5
					0	6
					0	7
					0	8
					0	9
2,805	0	0	0	0	212,828	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*			1
Basic Area Revenue (5001)	568,833	534,934	2
Optional Extended Area Revenue (5002)	0	0	3
Cellular Mobile Revenue (5003)	0	0	4
Other Mobile Services Revenue (5004)	3,360	4,035	5
Public Telephone Revenue (5010)	231	1,185	6
Local Private Line Revenue (5040)	1,491	783	7
Customer Premises Revenue (5050)	98	173	8
Other Local Exchange Revenue (5060)	29,348	27,447	9
Other Local Exchange Revenue Settlements (5069)	0	0	10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	603,361	568,557	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	119,629	112,979	11
Switched Access Revenue (5082)*	482,170	494,092	12
Special Access Revenue (5083)*	0	0	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	601,799	607,071	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	402,264	370,396	15
Special Access Revenue (5084.3)*	35,421	28,635	16 f
TOTAL INTRASTATE ACCESS REVENUES (5084)	437,685	399,031	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	0	0	17
Long Distance Inward-Only Revenue (5111)	0	0	18
Long Distance Outward-Only Revenue (5112)	0	0	19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)	0	0	20
Voice Grade Revenue (5122)	0	0	21
Audio Program Grade Revenue (5123)	0	0	22
Video Program Grade Revenue (5124)	0	0	23
Digital Transmission Revenue (5125)	0	0	24
Switching Revenue (5126)	0	0	25
Other Revenue (5128)	0	0	26
Other Revenue Settlements (5129)	0	0	27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)	0	0	28
Other Long Distance Revenue Settlements (5169)	0	0	29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	0	0	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	72,492	69,006	30
Rent Revenue (5240)*	550	600	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*			33
Special Billing Arrangements Revenue (5261)	736	0	34
Customer Operations Revenue (5262)	0	0	35
Plant Operations Revenue (5263)	0	0	36
Other Incidental Regulated Revenue (5264)	9,515	8,326	37
Other Revenue Settlements (5269)	588	744	38
Total Miscellaneous Revenue (5260)	10,839	9,070	
Interstate Billing and Collection Revenue*	27,396	44,355	39 g
Intrastate Billing and Collection Revenue*	55,790	42,206	40 h
Total Carrier Billing and Collection Revenue (5270)*	83,186	86,561	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	167,067	165,237	
GROSS OPERATING REVENUES	1,809,912	1,739,896	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*			42
Uncollectible Revenue--Telecommunications (5301)	3,835	1,366	43
Uncollectible Revenue--Other (5302)	0	0	44
TOTAL UNCOLLECTIBLE REVENUE (5300)	3,835	1,366	
TOTAL OPERATING REVENUES	1,806,077	1,738,530	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	3,194	4,947	802	1
Less: Nonregulated	0	0	0	2
Net Regulated	3,194	4,947	802	3
Total General Support Expense (6120)	19,935	27,476	1,706	4
Less: Nonregulated	0	0	0	5 b
Net Regulated	19,935	27,476	1,706	6
Total Central Office Switching Expense (6210)	22,219	16,822	6,217	7
Less: Nonregulated	0	0	0	8 c
Net Regulated	22,219	16,822	6,217	9
Total Operator Systems Expense (6220)	0	0	0	10
Less: Nonregulated	0	0	0	11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	21,348	20,538	6,877	13
Less: Nonregulated	0	0	0	14
Net Regulated	21,348	20,538	6,877	15
Total Information Orig. / Term. Expense (6310)	2,006	48	16	16
Less: Nonregulated	0	0	0	17
Net Regulated	2,006	48	16	18
Total Cable and Wire Fac. Expense (6410)	64,353	82,407	37,710	19
Less: Nonregulated	0	0	0	20 d
Net Regulated	64,353	82,407	37,710	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	133,055	152,238	53,328	
Less: Nonregulated	0	0	0	
Net Regulated	133,055	152,238	53,328	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	3,295	3,377	1,970	22
Less: Nonregulated	0	0	0	23
Net Regulated	3,295	3,377	1,970	24
Total Network Operations Expense (6530)	91,276	102,179	17,578	25
Less: Nonregulated	0	0	0	26
Net Regulated	91,276	102,179	17,578	27
Access Expense (6540)	0	0	0	28
Less: Nonregulated	0	0	0	29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	385,168	437,681		31
Less: Nonregulated		0		32
Net Regulated	385,168	437,681		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	479,739	543,237	19,548	
Less: Nonregulated	0	0	0	
Net Regulated	479,739	543,237	19,548	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	331	0	20,655	(16,841)	1
	0	0	0	0	2
	331	0	20,655	(16,841)	3
6120	1,080	270	24,420	0	4
	0	0	0	0	5 b
	1,080	270	24,420	0	6
6210	4,157	0	6,448	0	7
	0	0	0	0	8 c
	4,157	0	6,448	0	9
6220	0	0	0	0	10
	0	0	0	0	11
	0	0	0	0	12
6230	4,822	0	8,839	0	13
	0	0	0	0	14
	4,822	0	8,839	0	15
6310	11	0	21	0	16
	0	0	0	0	17
	11	0	21	0	18
6410	26,161	9,657	8,879	0	19
	0	0	0	0	20 d
	26,161	9,657	8,879	0	21
	36,562	9,927	69,262	(16,841)	
	0	0	0	0	
	36,562	9,927	69,262	(16,841)	
6510	794	0	613	0	22
	0		0	0	23
	794		613	0	24
6530	8,262	0	88,499	(12,160)	25
	0	0	0	0	26
	8,262	0	88,499	(12,160)	27
6540	0	0	0	0	28
	0	0	0	0	29
	0	0	0	0	30
6560			437,681		31
			0		32
			437,681		33
	9,056	0	526,793	(12,160)	
	0	0	0	0	
	9,056	0	526,793	(12,160)	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	66,187	82,731	3,239	34
Less: Nonregulated	0	0	0	35 e
Net Regulated	66,187	82,731	3,239	36
Total Services (6620)	264,107	283,156	52,633	37
Less: Nonregulated	0	0	0	38
Net Regulated	264,107	283,156	52,633	39
TOTAL CUSTOMER OPERATIONS EXPENSE	330,294	365,887	55,872	
Less: Nonregulated	0	0	0	
Net Regulated	330,294	365,887	55,872	
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	49,122	46,593	11,388	40
Less: Nonregulated	0	0	0	41
Net Regulated	49,122	46,593	11,388	42
Total General and Administrative (6720)	206,775	248,252	13,160	43
Less: Nonregulated	0	0	0	44
Net Regulated	206,775	248,252	13,160	45
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated		0		47
Net Regulated	0	0		48
TOTAL CORPORATE OPERATIONS EXPENSE	255,897	294,845	24,548	
Less: Nonregulated	0	0	0	
Net Regulated	255,897	294,845	24,548	
TOTAL EXPENSES	1,198,985	1,356,207	153,296	
Less: Nonregulated	0	0	0	
Net Regulated	1,198,985	1,356,207	153,296	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	1,515	550	77,427	0	34
	0	0	0	0	35 e
	1,515	550	77,427	0	36
6620	24,494		206,029	0	37
	0		0	0	38
	24,494		206,029	0	39
	26,009	550	283,456	0	
	0	0	0	0	
	26,009	550	283,456	0	
6710	3,544		31,661	0	40
	0		0	0	41
	3,544		31,661	0	42
6720	5,062		230,030	0	43
	0		0	0	44
	5,062		230,030	0	45
6790			0		46
			0		47
			0		48
	8,606	0	261,691	0	
	0	0	0	0	
	8,606	0	261,691	0	
	80,233	10,477	1,141,202	(29,001)	
	0	0	0	0	
	80,233	10,477	1,141,202	(29,001)	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0	0	1
Provisioning Expense (6512)	3,295	3,377	1,970	2
Total: Reported in Account 6510	3,295	3,377	1,970	
Depreciat. Exp.--Tele. Plant in Service (6561)	385,168	437,681		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	385,168	437,681		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511	0		0	0	1
6512	794		613	0	2
	794		613	0	
6561			437,681		3
6562			0		4
6563			0		5
6564			0		6
6565			0		7
			437,681		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	1,809,912	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	27	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	<u>1,809,939</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	603,361	1
Plus: Total Intrastate Access Revenues (5084)	437,685	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,041,046</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,809,912	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	27	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,809,939	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	603,361	1
Plus: Total Intrastate Access Revenues (5084)	437,685	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	1,041,046	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	0	0	1
Return from Nonregulated Use of Regulated Facilities (7130)*	27	24	2
Gains and (Losses) from Foreign Exchange (7140)	0	0	3
Gains or (Losses) from the Disposition of Land and Artworks (7150)	0	0	4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	27	24	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(7,599)	(7,599)	6
Operating Federal Income Taxes (7220)*	99,795	131,152	7
Operating State and Local Income Taxes (7230)*	27,191	31,728	8
Operating Other Taxes (7240)*	111,526	103,198	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(23,748)	(13,962)	10
TOTAL OPERATING TAXES (7200)*	207,165	244,517	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	145	150	11
Interest Income (7320)*	9,473	11,144	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	1,470	1,517	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	(99)	0	16
Special Charges (7370)*	8,773	1,983	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	2,216	10,828	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	1,339	4,225	19
Nonoperating State and Local Income Taxes (7430)*	233	901	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	0	0	22
TOTAL NONOPERATING TAXES (7400)*	1,572	5,126	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	26,447	26,488	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	593	127	25
Other Interest Deductions (7540)*	65,526	50,258	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	92,566	76,873	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)	0	0	28
Extraordinary Income Charges (7620)	0	0	29
Current Income Tax Effect of Extraordinary Items--Net (7630)	0	0	30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)	0	0	31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	16,217	26,876	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	99,704	1
Less: Cost of Goods Sold	25,403	2
Net Sales	74,301	3
Expenses (Acct. 7990.2)	58,084	4
Nonregulated Net Income	<u>16,217</u>	5

List the type of nonregulated activities that company is involved in:

Nonregulated activities include the sale, leasing, installation and maintenance of 1 & 2 line phones, key systems, PBXs, Direct Broadcast Satellite (DBS) and data modems. In addition, nonregulated activities include sales and leasing of mobile and pager equipment where the tariff allows.

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	153,296	1
Nonregulated Expense	14,285	2
Plant Accounts	25,471	3
Accumulated Depreciation Accounts	0	4
All Other Accounts	31,309	5
Total Salaries and Wages	224,361	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers				1
Supervision and Other Management	1.00	1.00	50,810	2
Other Employees	5.00	5.00	163,943	3
Total	6.00	6.00	214,753	

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TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange			1
Extended Area Service			2
Extended Community Calling			3
Other Local-Undefined			4
Total Local	0	0	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA			6
Operator Handled: Interstate			7
Customer Dialed: State--intraLATA		369	8
Customer Dialed: State--interLATA		285	9
Customer Dialed: Interstate		413	10
WATS			11
Other Toll-Undefined			12
Total Toll	0	1,067	
Total Local & Toll	0	1,067	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.					2
Feature Group B -- Orig.	2				3
Feature Group B -- Term.					4
Feature Group C -- Orig.					5
Feature Group C -- Term.					6
Feature Group D -- Orig.	2,421	1,831	2,298		7
Feature Group D -- Term.	2,590	1,619	2,172		8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	27	1
Sheath miles of plant - buried	267	2
Sheath miles of plant - fiber optics	31	3
Strand miles of plant - fiber optics	435	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	3	7	1
56 kbps	3	2	2
64 kbps (DS0)	2	2	3
1.54 Mbps (DS-1)	5	1	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
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SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	251	262	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	33	32	6
Centrex Trunks	0		7
Centrex Lines	101	145	8
Key System Trunks	59	56	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	0	37	11
FX-Out (Switched)	1	2	12
Pay Telephone	0	5	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	22	0	16
- Semi-Public	2	0	17
- Cust. Owned	0	0	18
Other	0	0	19
Total Business Lines	469	539	20
Residential (Incl. Emp. Concess.)			
1 Party	2,093	2,191	21
2 Party	0		22
4 Party	0		23
FX-Out (Switched)	4	3	24
Other	0	0	25
Total Residential Lines	2,097	2,194	26
Total Bus & Res Lines	2,566	2,733	27
Company Used Lines	61	45	28
Total Lines Used	2,627	2,778	29
			30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	0	0	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	0	0	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	37	35	7
Special Access-interLATA			8
(expressed in equiv. access lines)	2	128	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	0	0	12
Feature Group D Trunks	120	120	13
TSPS - Trunks	23	23	14
EAS - Trunks	96	96	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning			17
- discounted (special tariff)	0	0	18
Customers			
Business - 2 Party Customers	0	0	20
Business - 4 Party Customers	0	0	21
Residential - 2 Party Customers	0	0	22
Residential - 4 Party Customers	0	0	23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	5,474,817	5,668,052	27
Total Company Square Miles	134	131	28
Total Company Route Miles	286	308	29
Footnotes			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2510	4790			1
Business					2
1 Party	215	47			3
2 Party					4
4 Party					5
PBX Trunks/System Trunks	32	0			6
Centrex Trunks	---CONF---	---CONF---			7
Centrex Lines	58	87			8
Key System Trunks	49	7			9
Mobile (utility provided service)		0			10
Paging (utility provided service)		37			11
FX-Out (Switched)		2			12
Pay Telephone	4	1			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Pay Stations - Public	0	0			16
- Semi-Public	0	0			17
- Cust. Owned		0			18
Other	0	0			19
Total Business Lines	358	181	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	1,734	457			22
2 Party					23
4 Party					24
FX-Out (Switched)	3	0			25
Other	0	0			26
Total Residential Lines	1,737	457	0	0	27
Total Bus & Res Lines	2,095	638	0	0	28
Company Used Lines	39	6			29
Total Lines Used	2,134	644	0	0	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2510	4790			1
Miscellaneous					2
WATS Lines - OutWATS	0	0			3
WATS Lines - 800 Service	0	0			4
FX-In-intraLATA	0	0			5
Special Access-intraLATA					6
(equiv. access lines)	32	3			7
Special Access-interLATA					8
(equiv. access lines)	80	48			9
Feature Group A Lines	0	0			10
Feature Group B Trunks	0	0			11
Feature Group C Trunks	0	0			12
Feature Group D Trunks	120	0			13
TSPS - Trunks	23	0			14
EAS - Trunks	96	0			15
Cellular Trunks (Pub. Sw. Net.)	0	0			16
Video Distance Learning					17
- discounted (special tariff)	0	0			18
Customers					19
Business - 2 Party Customers	0	0			20
Business - 4 Party Customers	0	0			21
Residential - 2 Party Customers	0	0			22
Residential - 4 Party Customers	0	0			23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	4,172,098	1,495,954			27
Exchange Square Miles	92	39			28
Exchange Route Miles	252	56			29
Footnotes					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

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CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	IOLA	SCANDINAVIA			1
PSCW Exchange ID	2510	4790			2
Central Office Name	IOLA	SCANDINAVIA			3
PSCW Central Office ID	1	1			4
Manufacturer of COE (Page 54)	NEC	NEC			5
Year COE Installed	1984	1990			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote	H	R			8
Remote Host PSCW Exchange ID		2510			9
Remote Host PSCW Central Office ID	0	1			10
COE Generic Software Release No.	G3.2	RMT			11
SS7?	No	No			12
9-1-1?	Yes	Yes			13
Access Lines - In Use	2,134	644			14
- Equipped	3,676	644			15
- Wired	4,148	644			16
Trunks - In Use	239	0			17
- Equipped	240	0			18
- Wired	240	0			19
ISDN Available?	No	No			20
ISDN Lines - In Use (BRI)	0	0			21
- In Use (PRI)	0	0			22
Switched 56 Service?	Yes	No			23
Switched 56 lines in use	0	0			24
Digital Transmission Facilities: DS-1 - In Use	20	10			25
DS-3 - In Use	0	0			26
Advanced Data Service Available:					
Packet Switching?	No	No			27
SMDS?	No	No			28
Frame Relay?	No	No			29
ATM (Asynchronous Trans. Mode)?	No	No			30
Video Information - Service Available?	No	No			31
- In Use (# lines) ¹	0	0			32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	40	28			33
No. of fiber strands working (LIT) in C.O.	18	10			34
No. of fiber strands for interoffice use	16	16			35
Miles of fiber sheath in wire center	27	4			36
Access Tandem Serving this C.O.:					
- C.O. Name	STEVENS POINT	STEVENS POINT			37
- PSCW C.O. ID	5140-01	5140-01			38
Does this C.O. do access tandem switching?	No	No			39
Equal Access: InterLATA (1+)?	Yes	Yes			40
Equal Access: IntraLATA (1+)?	No	No			41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Affiliated Interest Transactions Footnote. Page 15

No footnote needed. Program will not delete.

Telephone Calls and Minutes of Use Per Month Footnote. Page 47

This schedule has been completed to the best of our ability. The information requested by number of telephone calls in column (b) is not available due to a change in our companys method of tracking call traffic. We no longer track by number of calls. Numbers in column (c), lines 8 through 10, contain both customer dialed and operator handled minutes of use. Further breakdown is not available.

Schedule Line Footnotes

- a) No data entered in column (g) or (k) for these accounts.
- b) General Support expense increased due to higher utility expenses resulting from a change in accounting procedures. In 1997, utility expenses were accrued at year-end whereas in 1996 they were not.
- c) Central office switching expenses decreased due to fewer digital electric expenses. There were significant charges for an alarm unit and several significant one-time repairs last year
- d) Cable and wire facilities expense increased due to a large one-time credit last year for the write-off of a significant amount of exempt inventory to buried cable.
- e) Marketing expenses increased in 1997 due to intensified efforts to promote regulated product lines.
- f) Special access revenues increased due to an increase in special circuits.
- g) Revenues are lower in 1997 mainly due to lower AT&T programming revenues.
- h) Revenues increased due to increased interstate traffic.
- i) Balance consists primarily of leased phones and business systems net of depreciation. This leased investment is depreciated with a rate of 33.33% per year. Individual leases are not tracked separately.
- j) Federal income tax payable to the parent is recorded in account 4070100.
- k) Per the PSC, we are allowed to over depreciate certain asset categories.
- L) TDS Corp Chicago and TDS Corp Madison were merged 4/1/96. All charges from TDS Corp Madison after 4/1/96 are included in the TDS Corp column.
- m) Contact Gerald Ringlund at (608) 664-4554 with questions on page 47, page 48, page 49 Special Access Circuits only, page 50, page 51 lines 1-9, page 52 and page 53 lines 1-9. Contact Dave Esser at (608) 664-4530 with questions on page 49 Outside Plant only, page 51 lines 10-30, page 53 lines 10-30 and page 55.